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SUBJECT: ICESAVE VOTE DELAYED AGAIN

REF: Reykjavik 219

¶1. (U) The Icelandic parliament was expected to vote on the Icesave bill on December 30; however, new information emerged on the eve of the vote that may further delay a resolution to the issue. The media is reporting that the Icelandic negotiating team, which concluded the original Icesave agreements in March with the British and Dutch governments, may have withheld pertinent information from the Icelandic Government. Specifically, the negotiating team did not pass along an opinion from the British law firm Mishcon de Reya stating that the British Government may have improperly seized a British subsidiary (Heritable Bank) of the Icelandic bank Landsbanki as the financial crisis hit Iceland in early October 2008. Some are now arguing that, had the Icelandic Government been aware of this information, it could have pressed for better terms in its negotiations with the British and avoided much of the ensuing displeasure with the Icesave agreement.

¶2. (U) The chairmen of the opposition parties were disturbed that this information was only coming to light now and insisted that they receive additional time to analyze this new development. They also demanded that the head negotiator who withheld the information, Svavar Gestsson, be summoned to a Budget Committee meeting to explain his actions. Parliamentary debate on the Icesave bill was expected to conclude on the morning of the 30th with a vote shortly thereafter, but discussions only resumed in the late afternoon after a delay of several hours. With just nine parliamentarians left to speak, some still believe that a vote on the Icesave issue is imminent, while others think it will not take place until after the new year.

¶3. (U) Approximately 100 protestors gathered outside of the parliament building on December 30 for a previously scheduled protest against the Icesave vote. The demonstration occurred peacefully and no police intervention was needed. There are reports that additional demonstrations are organized for the upcoming days.
WATSON